

AUGUST 9, 2018

Pursuant to S.C. Code Ann. 58-27-1540, this matter comes before the Public Service Commission of South Carolina (“Commission”) on the Petition of Duke Energy Progress, LLC ("DEP," or the "Company") for authorization to defer as a regulatory asset certain incremental costs in connection with (1) the deployment of Advanced Metering Infrastructure ("AMI"); (2) the ongoing deployment of the Company's new billing and Customer Information System ("CIS") (known as "Customer Connect"); (3) new depreciation rates for which the Company is seeking approval in its "Petition For an Accounting Order to Adopt New Depreciation Rates" filing made concurrently with this filing; and (4) the revenue deficiency from the return of certain state taxes from North Carolina. According to the Company, these are costs that have been incurred since January 1, 2018. Specifically, DEP elaborates that the Company seeks to defer (1) the

incremental O&M expense and depreciation expense, associated with the AMI, as well as the carrying cost on the investment and on the deferred costs at its weighted average cost of capital; (2) incremental O&M expenses associated with the deployment of the Customer Connect program as well as the carrying cost on the deferred costs at its weighted average cost of capital; and (3) the incremental depreciation expense resulting from the new depreciation rates.

The Company also seeks to continue depreciating the remaining net book value of the outdated meters that will be replaced by the AMI. This amount is already included in rates and, therefore, approval of the Company's request will not increase future rates. Finally, the Company seeks approval to continue the amortization expense approved in the last rate case related to the North Carolina excess deferred income taxes ("NC EDIT").¹ This amortization is currently scheduled to expire on December 31, 2018.

Further, DEP states the request for relief set forth within the Petition would not involve a change to any of its retail rates or prices at this time or require any change in any Commission rule, regulation, or policy. The Company further maintains that the issuance of the requested accounting order will not prejudice the right of any party to address the prudence of costs in a subsequent general rate case proceeding.

ORS has reviewed this matter and does not oppose DEP's request.

¹ See *Application of Duke Energy Progress, LLC for Authority to Adjust and Increase its Electric Rates and Charges*, Docket No. 2016-227-E, Order No. 2016-871 (December 21, 2016).

IT IS THEREFORE ORDERED:

Based on DEP's Petition, we approve the Company's requests for accounting treatment to defer the following:

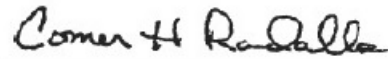
1. \$1.4 million on a South Carolina Retail basis estimated through mid-2019 regarding the incremental operating and maintenance expense and the depreciation expense incurred once the Advanced Metering Infrastructure technology (AMI) meters are installed, as well as the associated carrying costs on the investment and deferred costs at its weighted average cost of capital;
2. \$6.1 million in a regulatory asset account to retain the book value of non-AMI meters;
3. \$1.8 million on a South Carolina Retail basis through mid-2019 regarding the Company's Customer Connect program for the incremental operating expenses and carrying costs on deferred amounts related to the deployment of this program;
4. Approximately \$8.5 million on a South Carolina retail basis estimated through mid-2019 for DEP's incremental depreciation expense associated with the Company's new depreciation study; and
5. Approximately \$6.6 million of annual increase in depreciation expense regarding the impact of the new study on the Company's South Carolina Retail operations.

Further we approve the Company's request to continue to amortize the expense approved in Order No. 2016-871 associated with North Carolina excess deferred income

taxes set to expire on December 31, 2018. The Company's request would continue the credit through no later than June 30, 2019.

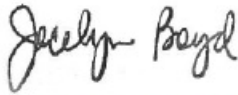
This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



Comer H. "Randy" Randall, Chairman

ATTEST:



Jocelyn Boyd, Chief Clerk/Administrator